

Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

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#### LEGEND

X= Name of Organization  
Y= Previous Name of Organization  
Z= Name of Grant Program  
b= Grant Amount  
c= Grant Amount

Dear :

We have considered the request of the applicant, named X, for advance approval of a grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated June 15, 2009.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X, formerly known as Y will operate a grant-making program called Z that will provide grants to support basic, clinical and translational scientific research into the nature, causes and relief of combat stress and trauma in order to help identify and alleviate the physical and psychological wounds of military battle. Grants will be awarded to support investigations by researchers who hold an M.D., Ph.D. or equivalent graduate degree and perform research at a section 501(c)(3) host institution. Grant amounts will be paid to the host institution.

Grants generally will be made for periods of two years, and the second year payment will be conditioned upon requisite progress reports by the applicant. Annual grant amounts are to be generally in the range of b to c. Institutional overhead allocations are allowed, generally not to exceed 15% of the grant. Grant amounts may be adjusted periodically to reflect changes in the cost of conducting research. Two grants will be awarded in the initial year, progressing to three grants per year in subsequent years.

Any individual with an M.D., Ph.D. or equivalent degree, who is performing research with the potential for increasing understanding of the nature, causes and relief of combat stress and trauma at a section 501(c)(3) host institution, may apply. No family member of any Trustee or other manager of X or of any person who has ever made a contribution to X (family members defined as the spouse, ancestors, and/or descendants of the Trustee, manager or contributor) will be eligible for any grant.

The selection criteria for grants will include, but are not limited to the researcher's credentials, references, and the likelihood that the researcher's work will contribute meaningfully to alleviating the physical and psychological wounds of military battle. Grant applications should include documentation regarding (1) research proposal and budget, (2) institutional sponsorship and one peer reference, and (3) grantee's biography. The narrative portion of a grant proposal should contain approximately five to ten pages of text with a description of the project, including project rationale and goals, preliminary work, study design, methods, outcome measures, references, significance for scientific understanding, and potential implication for understanding or relieving combat stress and trauma. The narrative must identify the location where the research will be conducted along with the necessary research facilities: laboratory space, major equipment, animal facilities, patient facilities or other supporting units. Research using laboratory animals, human subjects or material from human subjects must have prior written approval from the host institution. In addition to the narrative, proposals must contain an adequate budget showing how the grant amount will be expended. The Budget section should also describe all other current and pending funding for the project including source, amount and duration of such support and the amount, if any, of support from the host institution. If the request is for supplementation or continuation of an existing grant from another source, then a description of the source, amount and duration of the existing grant should be included as well.

The selection committee consists of the Trustees of X. Grants will be awarded through grant agreements. No Trustee of X will be in a position to receive any private benefit, directly or indirectly, if certain potential grantees are selected over others.

Researchers are required to provide reports at least annually, as well as a final report upon completion of multi-year projects. The Trustees have discretion to require more frequent reports. Within 90 days of the end of the project year, the fiscal officer or Grants administrator of the host institution will submit a financial accounting of all costs incurred during the Project Year. Within 90 days following the end of the Term, the grantee will submit a comprehensive final report covering both the scientific progress and the results of the Research, as well as complete financial accounting of the expenditure of the Grant Amount. If the grantee wishes to request a no-cost extension, it should be submitted at least 45 days prior to the end of the Project Year. Upon X's reasonable request, grantee will meet with X from time to time to describe progress and developments in the research. If no report is provided, or if reports display evidence to indicate that the funds are not being used in furtherance of the grant purpose, X will investigate. If warranted, X will withhold further payment, and will take reasonable steps to recover funds already granted.

The agreement may be terminated by any Party if circumstances beyond its reasonable control preclude continuation of the Research. Upon termination, and subject to its receipt of applicable reports, X will reimburse the host institution for a pro-rated portion of the indirect costs based upon the Grant Amount expended through the termination date, together with noncancelable commitments incurred in performance of the research. The host institution will remit to X any remaining funds from the Grant Amount, and will provide a financial accounting for any portion of the Grant Amount not returned. The grantee agrees to notify X immediately, in writing, of any changes that may affect performance by the grantee.

X will retain all records submitted by the grantees and their institutions. X will obtain and maintain in its file the grant agreement stating, or other evidence indicating, that no recipient is related to X or to any Trustees thereof.

Results of research will be made available to the public through appropriate scientific channels. Publications concerning the research should include a statement that the research was "supported by a grant from X".

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and

- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements